



## MANAGEMENT'S RESPONSE




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November 8, 2006

MEMORANDUM

TO: John P. Higgins, Jr.  
Inspector General

FROM: Victoria L. Bateman   
Chief Financial Officer  
Federal Student Aid

SUBJECT: AUDIT REPORTS  
Financial Statement Audit for Fiscal Years 2006 and 2005  
Federal Student Aid  
U.S. Department of Education  
ED-OIG/A17G0004

Federal Student Aid wishes to express our appreciation for the efforts and professionalism of the Office of Inspector General and our auditors, Ernst & Young, LLP, in their audit of our fiscal year 2006 financial statements. We concur with the findings and recommendations as identified in the reports.

Federal Student Aid continues to support the Department of Education's efforts to address the reportable condition related to the credit reform estimation and financial reporting processes. We recognize that significant additional work remains to be accomplished in order for the Department to have a fully institutionalized practice.

We are committed to maintaining an unqualified opinion in future fiscal years and we will continue to prioritize corrective actions to eliminate reportable conditions and other matters as noted in this report. In addition, working with the Department, we will continue to implement additional improvements on controls over information systems.

Once again, we thank the Office of Inspector General and Ernst & Young for their efforts to complete a successful audit of Federal Student Aid's financial statements and internal controls.



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